

## FY 2016 Working Lands Enterprise Initiative

# LETTER OF INTENT (LOI): BUSINESS GRANTS

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### *Applicant Guide*

#### IMPORTANT NOTES – PLEASE READ!

It is imperative that applicants read the entire guide before developing and submitting a Letter of Intent (LOI). This is the applicant guide for Business Grants. More information on Service Provider Grants may be found at: <http://workinglands.vermont.gov/apply/rfp>.

All LOIs **must** be electronically submitted online at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov). Paper applications will not be accepted. Applicants are **strongly** encouraged to log onto the website well in advance of the LOI deadline to register as a new user and gain familiarity with the online system. A detailed guide for entering information in the online application can be found here: <http://workinglands.vermont.gov/apply/rfp>. Contact Noelle Sevoian ([working.lands@vermont.gov](mailto:working.lands@vermont.gov) or 802-585-9072) if you need additional assistance.

An LOI is required in order to be considered for the submission of a full application. Not all applicants will be invited to submit a full application. **All businesses selected to submit a full application will be required to attach a business plan.** If you do not currently have a business plan, there is a business planning template, as well as a list of technical assistance resources, online at: <http://workinglands.vermont.gov/apply/ta>.

#### APPLICATION TIMELINE:

RFP RELEASED: Thursday, October 1, 2015

APPLICANT INFORMATION SESSIONS: October 9 and 14, 2015 (see <http://workinglands.vermont.gov/webinar>)

**LETTERS OF INTENT ARE DUE: Friday, November 6, 2015 at noon**

APPLICANT NOTIFICATION OF ACCEPTANCE/DENIAL OF LETTER OF INTENT: Late December 2015

INVITED APPLICATIONS ARE DUE: Friday, February 12, 2016 at noon

APPLICANT NOTIFICATION: Late March 2016

ESTIMATED PROJECT START DATE: No earlier than late April, 2016

## Table of Contents:

<b>1. About the Initiative</b>	<b>page 3</b>
<b>2. Eligibility Requirements</b>	<b>page 5</b>
<b>3. Scoring Criteria</b>	<b>page 6</b>
<b>4. Creating a Strong Proposal: Technical Assistance is Available</b>	<b>page 7</b>
<b>5. Submitting your Letter of Intent</b>	<b>page 7</b>
<b>6. Review and Selection Process</b>	<b>page 7</b>
<b>7. Confidentiality Policy</b>	<b>page 8</b>
<b>8. LOI Feedback Policy</b>	<b>page 8</b>
<b>9. Full Application</b>	<b>page 8</b>
<b>10. Receiving a Grant: Expectations</b>	<b>page 9</b>
<b>11. Tax Consequences</b>	<b>page 10</b>
<b>12. Letter of Intent</b>	<b>page 10</b>

## 1. About the Initiative

The backbone of Vermont's heritage and economic viability is our working landscape. Over 97 percent of Vermonters value the "working landscape" which consists of agriculture, food systems, forestry, and forest products based businesses. Approximately 20 percent of Vermont's working land is used for agricultural purposes and 75 percent is forested. The Findings section of [Act 142](#) outlines nine goals of the Working Lands initiative.

### Mission

The mission of the Vermont Working Lands Enterprise Initiative is to grow the economies, cultures, and communities of Vermont's working landscape. The Working Lands Enterprise Board achieves this by making essential, catalytic investments in critical leverage points of the Vermont farm and forest economy, and facilitating policy development to optimize the agricultural and forest use of Vermont lands.

### Vision for Future Success

Vermont prospers and its unique sense of place thrives in large part because of intelligent investment in the people and enterprises that comprise its farm, food, and forest based systems. Strong community engagement and support for the farm and forest sectors leads to enhanced quality of life for Vermont citizens and working lands business owners.

### Approach (our change theory about what systemic factors will create progress towards our mission and vision)

1. **Access to capital:** Ability of an enterprise to secure the right match of capital to meet its financing needs for its stage of growth and scale.
2. **Technical assistance:** Availability of services to develop business plans, identify risk management strategies, and implement financial management systems, as well as provide topic, product, and process expertise.
3. **Workforce development:** Access to training that allows Vermonters who want to work in the working lands sector – and by extension, the employers they choose – to be at a world-class level.
4. **Smart policy:** Rules and statutes that optimize the agricultural and forest use of Vermont lands, while protecting human, environmental and animal health.
5. **Value chain and sector collaboration:** Relationships between different actors along the chain, as well as across industry sectors, that strengthen the system as a whole.
6. **Public awareness:** Communities' understanding of and support for the businesses and organizations that contribute to our working landscape.

## History of Success to Date

The WLEB began operations in August 2012 and today has awarded over \$3 million in grant funds to 110 grantees, leveraging an additional \$4.3 million of matching and other funds. For a list of previously funded projects, visit <http://workinglands.vermont.gov/projects>.

## FY 2016 Program Year

This year, approximately \$550,000 is available for investment into farm, food systems, forestry, and forest products enterprises. Again in FY2016, \$30,000 of Local Food Market Development (LFMD) grant funds will be made available through the Working Lands grant process. The focus of LFMD funding is to increase Vermont producers' access to institutional and wholesale markets, promote consumption of local food, and encourage scaling up through new market development opportunities across the state.

Funds will be disbursed in two investment areas: Business Grants and Service Provider Grants.

**Business Grants** - Projects may include, but are not limited to:

- Infrastructure: project specific planning, permitting, and/or engineering/architectural plans; purchase and/or construction of physical assets (i.e., building and equipment costs)
- Marketing: accessing new markets and securing new customers, including institutional and wholesale market expansion
- Research and Development: testing new systems or technologies or developing innovative solutions
- Scaling up
- Working capital is an eligible use of funds

**Applicant Information Sessions are scheduled for October 9<sup>th</sup> and 14<sup>th</sup>. Please see <http://workinglands.vermont.gov/webinar> for more information.**

## 2. Eligibility Requirements

### Applicant Criteria

- The applicant must be in compliance with all state regulations (i.e. water quality, taxes, child support) and in good standing with the State of Vermont at the time of submitting an LOI and must remain so during the entire grant period.

- Businesses must be based in Vermont and registered with the Secretary of State at the time of full application submission. All business structures are eligible (e.g. Partnerships, Limited Liability Corporations, Sole Proprietorships, Cooperatives, Corporations, S Corporations, L3Cs, and B Corporations and/or non-profits that are involved in the production of agriculture and/or forest related products).
- Previous recipients of Enterprise Investment grants are welcome to apply for projects that demonstrate strong supply chain impact.
- Previous recipients of Capital and Infrastructure grants are ineligible for further Working Lands funds until three years after the start date of their previous grant (FY13 Capital and Infrastructure grantees are eligible to apply for FY16 funds).

### Project Criteria

- Provides a budget that uses between \$5,000 - \$50,000 of Working Lands Enterprise Funds.
- All requests should show innovation, test a new business model, or address a specific supply chain need. **Requests over \$20,000 will be analyzed for demonstration of supply chain or industry impacts** (see scoring criteria for further detail).
- Budget must show at least a 1-to-1 match (for every dollar of WLEB funds requested, applicant must show at least one dollar of matching funds). At least 50% of match must be cash, the rest may be in-kind. Under limited circumstances, match requirements may be reduced or waived for projects that can justify the need for a reduced match (see budget narrative for further detail).
- Project must be completed within 18 months after grant agreement start date.
- Primary beneficiaries are Vermont agriculture, forestry & forest products based businesses (including farm and/or forest landowners).
- Grants for land acquisition will be considered in limited circumstances and will require documentation of value that justifies the request. Examples could include real estate appraisals by a licensed appraiser or the fair market value adjusted by the town's common level of appraisal.

### 3. Scoring Criteria

Projects will be evaluated based on the following criteria:

- **Quality of Proposal and Concept:** The LOI is clear and complete. The applicant is ready to receive funds and begin promptly and demonstrates previous experience and skills

necessary to conduct the proposed activities. The project, as described, identifies relevant performance measures and is likely to accomplish the stated outcomes.

- **Impact:** The project demonstrates how it will enhance Vermont's working landscape, with measurable outcomes that may include increased sales, increased net income, jobs created or retained, increased product output, new markets accessed, and/or increased acres in active use. All requests should show innovation, test a new business model, or address a specific supply chain need.

Requests over \$20,000 will be analyzed for demonstration of supply chain or industry impact (specifically how multiple working lands businesses will benefit from the project). Examples of supply chain impact include construction or expansion of a processing facility or development of a new technology that will serve many working lands businesses. Inclusion of up to three letters of support are strongly encouraged to help demonstrate supply chain impact.

- **Need:** The LOI demonstrates a clear need for the project and the need for Working Lands Enterprise funding. The requested funds leverage other funds, and the project cannot be fully funded through other sources. Without these particular funds in this form, the project would happen more slowly, in a less desirable fashion, with a lower probability of success, or would not happen; and/or an urgent window of opportunity would be missed.
- **Sustainability:** The project contributes to long-term sustainability/viability of working landscape businesses, builds partnerships, and demonstrates a plan for long term financial viability beyond the Working Lands grant period. Projects that credibly outline anticipated positive impacts based on measurable financial, social, or environmental criteria will be given preference.
- **Leveraging Funds:** Budget shows at least a 1-to-1 match (for every dollar of WLEB funds requested, applicant must show at least one dollar of matching funds). Projects that show partnerships for optimizing use of public funds are encouraged.

## 4. Creating a Strong Proposal: Technical Assistance is Available

First time applicants are encouraged to work with an advisor to develop their project concept and to convey a well thought out and clearly written LOI. For tips on writing a successful grant proposal and a list of service providers, please visit <http://workinglands.vermont.gov/apply/ta>. Applicants are encouraged to utilize current business advisors, colleagues, friends, and family, etc., to review the LOI and provide feedback on need for the project and proposal clarity before submitting the application. Costs associated with LOI preparation (i.e. paying a grant writer) are not eligible expenses and will not be covered by working lands funds.

Applicants are strongly encouraged to investigate other possible funding streams before applying for a Working Lands Business grant. For a list of other common grant programs, and potential funding streams, please visit <http://workinglands.vermont.gov/apply/ta/securing>.

## 5. Submitting your Letter of Intent

**NOTE:** All LOIs **must** be electronically submitted online at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov). Paper applications will not be accepted. Applicants are **strongly** encouraged to log onto the website well in advance of the LOI deadline to register as a new user and gain familiarity with the online system. Contact Noelle Sevoian at [working.lands@vermont.gov](mailto:working.lands@vermont.gov) or 802-585-9072 if you need additional assistance. We cannot guarantee that a staff person will be able to return your call in the final hours before the deadline, so please plan in advance.

LOI questions can be found on page 10 of this document. You may find that it is helpful to create your LOI as a Word document and then copy and paste into the [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov) system.

## 6. Review & Selection Process

LOIs will be reviewed by the Vermont Working Lands Enterprise Board and its partners, subject matter experts, and/or state agency staff and assessed based on the criteria outlined. The Working Lands Enterprise Board makes final decisions on all grants. LOIs will not be reviewed by those with conflicts of interest. The review committee may request additional information about your project (e.g. additional financial information, project clarification, etc.).

## 7. Confidentiality Policy

Working Lands Enterprise Initiative, as a public instrumentality, is subject to the Vermont Public Records Law, 1 VSA § 315 - 320. The statute contains specific exemptions for tax-related information of persons, financial information of an individual or business, and trade secrets. This information will be held in confidential files by the Working Lands Enterprise Board and will not be available for public inspection under the Public Records Law.

The Working Lands Enterprise Board and the state of Vermont consider the following information about applicants to be subject to public record: contact information of applicants; names, description, and contact information of applying enterprise or organization; the purpose and amount of any Working Lands Enterprise Funds received; and grantee communications. Other information may be shared in aggregate form (without identifying individual business info).

## 8. LOI Feedback Policy

The Working Lands Enterprise staff will email notification letters regarding the Board's funding decisions. These letters will not provide specific LOI feedback. If you would like specific feedback on your LOI, please email a request for feedback to [working.lands@vermont.gov](mailto:working.lands@vermont.gov) no later than two weeks after receipt of your notification email.

## 9. Full Application

Full applications will be accepted only from businesses whose LOIs are selected to move forward in the application process. Applicants will be notified in late December if they have been invited to submit a full application. Full applications are due on Friday, February 12, 2016 at noon.

**NOTE:** All businesses selected to submit a full application will be required to attach a business plan. If you do not currently have a business plan, there is a business planning template, as well as a list of technical assistance resources, online at: <http://workinglands.vermont.gov/apply/ta>.

The full application will be similar to the LOI, with the addition of an expected project timeline and the required business plan.



## 10. Receiving a Grant: Expectations

Businesses/Organizations selected for grant award funding are expected to meet the following requirements:

- Must be registered with the Secretary of State  
<https://www.sec.state.vt.us/corporationsbusiness-services/start-or-register-a-business.aspx>
- Enter into a grant agreement with the State of Vermont
- Prior to receiving the grant agreement, recipients must:
  - Submit a W-9 (for tax identification purposes)
  - Submit a Certificate of Insurance, listing the State of Vermont as an additional insured:
    - Worker's Compensation (unless you are a sole proprietor)
      - Insurance Certificate with a minimum coverage of:
    - General Liability - \$1,000,000 coverage
    - Automotive Liability - \$1,000,000 coverage
- Provide Interim and Final reports as well as financial documentation which will include: paid receipts noting expenditures of both grant and matching funds, high-resolution digital photos in jpg format, and a narrative of accomplishments which will include project goals, performance measures, and outcomes accomplished to date.
- Willingness to share project details, including successes and challenges with the public, the WLEB, and the media, which tell the broader story of how the grant is impacting the working lands economies of Vermont. This sharing may take place by way of media inquiries, possible press events on location, and site visits from WLEB members and/or their partners.
- **Be prepared:** After grant agreements have been signed by all parties (fully executed), Working Lands grants are paid on a reimbursement basis, after costs have been incurred. With documentation of paid costs and required matching, typically up to 40% of grant funds are initially reimbursed, 40% at the mid-point of the project, and 20% once all outcomes are complete. In exceptional cases where costs for large capital purchases are involved, up to 90% may be initially reimbursed, with approval by the Working Lands administrative team. Final payment of grant funds is withheld until project completion, receipt of documentation and satisfactory achievement of measurable project outcomes.

## 11. Tax Consequences

We recommend that all entities consult with a tax accountant with any questions on how to report grant awards on business tax returns.

## 12. The Letter of Intent

The LOI process allows the Working Lands Enterprise Board to narrow the volume of applications and focus on proposals most in line with the mission and goals of the program. The process also allows Working Lands staff to make connections between LOI applicants that may have similar project focus for greater impact.

Below is the information requested in the LOI. All LOIs **must** be electronically submitted online at [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov). You may find that it is helpful to create your LOI as a Word document and then copy and paste into the [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov) system.

### 1. Applicant Information

- a) Business name:
- b) Type of business entity (e.g. sole proprietorship, LLC, cooperative, 501(c)3, etc.)
- c) Contact name:
- d) Title:
- e) Phone Number:
- f) Email:
- g) Physical Address:
- h) County:
- i) Product category (drop down menu):
- j) Stage of business development (drop down menu): (Definitions of business stages)
- k) Where did you learn about this grant opportunity?
- l) Applicant must be in compliance with state regulations and in good standing with the State of Vermont – signature line and date
- m) Are you interested in receiving Working Lands related e-news/events/funding opportunities updates by email?

### 2. Project Information

- a) Project title:
- b) Project category (drop down menu):
- c) Working Lands Funds requested:
- d) Matching Funds:

e) Do you currently have a business plan?

f) Business plan completion date

*Note: business plans will be required with submission of a full application, if invited*

g) Identify any technical assistance, supporting organizations, services, programs, friends, relatives, involved in the development of this proposal

h) Please list any memberships in associations / trade organizations:

i) Have you received grants or loans in the past 5 years? If yes, please list:

j) Please list other grants you are applying to in conjunction with this project

k) Project Abstract (150 words/1000 characters): Abstracts will be provided to Board members to give a broad overview of each project. Please provide a brief overview of your project for Board member review, including key impacts.

**3. Business Description** (max 250 words/1675 characters): Describe the business in terms of size (gross sales, number of employees, production volume), markets, and number of years in business. Also outline its experience and successes with similar activities, and the expertise of any partner businesses or organizations expected to participate in the project. Include the names and titles of the core team of individuals involved.

**4. Project Summary** (max 300 words/2000 characters): Please provide an overview of your project and how requested and matching funds will be used. Please explain why your project is being proposed, and what makes it timely, important, innovative and/or sustainable.

**5. Impact** (max 250 words/1675 characters): Describe projected measurable outcomes, which may include: increased sales, increased net income, jobs created or retained, increased product output, new markets accessed (specify any institutional or wholesale accounts, if applicable), and/or increased acres in active use. All requests should show innovation, test a new business model, or address a specific supply chain need. Projects that credibly outline anticipated positive impacts based on measurable financial, social, or environmental criteria will be given preference.

Requests over \$20,000 will be analyzed for demonstration of supply chain or industry impact (specifically how multiple working lands businesses will benefit from the project). Examples of supply chain impact include construction or expansion of a processing facility or development of a new technology that will serve many working lands businesses.

6. **Budget and Narrative:** Please provide a detailed budget, including Working Lands funds requested and any other funding sources supporting the project. Matching funds should equal at least 100% of the Working Lands Enterprise funds requested. 50% of the match must be cash, the rest may be in-kind (see below for examples). Match must be identified by the time of full application submission, and in place by the time of grant agreement execution.

Example:

\$15,000 Working Lands grant request

$\$15,000 \times 1.0 = \$15,000$  minimum match (at least \$7,500 cash match)

$\$15,000 + \$15,000 = \$30,000$  total project cost (WLEB request + match amount)

- Examples of **cash match** include: funds in the bank, third party funds, and applicant labor not associated with the day-to-day operations of the business.
- Examples of **in-kind match** include: goods or services provided during the grant period for which no expenditure is made (e.g. contractors, consultants, or equipment provided pro bono for the project, volunteer labor, and/or donated supplies that are not part of the normal cost of doing business). In-kind contributions must be made during the grant agreement period, and must be directly related to the project. Verification for in-kind contributions that are over-valued will not be accepted.
- Please note that applicant labor associated with the project is eligible for Working Lands funds or as match. Labor rates should be in line with current market rates.
- Costs incurred prior to signing of a grant agreement are not eligible.
- Under limited circumstances, match requirements may be reduced or waived for projects that can justify the need for a reduced match. Waiver requests must outline the impact of the project and indicate if the project benefits an underserved sector of the working lands economy. For consideration, waiver requests must be outlined in the budget narrative.

**Budget Template:** Enter each line item of your budget into the appropriate field in the [agriculturegrants.vermont.gov](http://agriculturegrants.vermont.gov) system. You may wish to utilize the budget template below to construct your budget. We understand the budget and use of funds may be different should you be invited back for the full application. Your budget should include any other funding sources supporting the proposal and a match totaling 100% of Working Lands funds requested.

Once the budget template is completed, there will be a drop down tab where you will provide the source(s) for each line item.

Project Sources and Uses	Working Lands Request	Applicant Contribution		Total
		Cash	In-Kind	
Salaries/Wages				
Benefits				
Consultant/Professional Fees				
Permits/Fees				
Construction				
Real Estate Acquisition				
Machinery/Equipment				
Travel				
Supplies				
Other				
TOTAL				

**Budget Narrative** (max 100 words each question/675 characters):

- Provide further details for the purpose and use of funds for each line item.
- Need: Describe efforts to fund this project with other sources, and why those efforts have not been sufficient. Note why the project would happen more slowly, in a less desirable fashion, with a lower probability of success, or would not happen without WLEB funds.
- Leverage: Please provide the source(s) for all matching funds listed in the template. Be sure to indicate whether all matching funds are committed, or if not, your plan and timeline for securing such commitments.
- If match waiver requested, please provide justification here.

***Thank you for the time and effort put into this application. While not everyone can be offered the opportunity to submit a full application or receive a grant, your contributions to Vermont's working landscape are greatly appreciated.***